

Zion Ponderosa Red Emerald Case Study

Board of Tourism Development
April 9th, 2021



Zion Ponderosa overview



- Family-owned ranch resort
- Ranch purchased in 1962. Resort operated since 1995
- Mission: “Share our love of Zion with every valued guest”
- Vision: “keep ranch in family by achieving economic independence and growth”
- One of larger employers in Kane County
- GM: Julie Millard; Asst GMs: Jake Millard, Sales & Marketing & Owen Hoyt, Operations

Important evolution of our business



- Jake took over lodging inventory management in 2018 with charge to “increase revenue & profitability.”
- Team realized that increased length of stay (LOS) led to:
 - Higher guest satisfaction
 - Lower work intensity/less staff, fewer laundry loads, more guides & outfitter referrals
- Jake began experimenting with requiring longer stays and working closely with reservation agents to “push guides & outfitter referrals to justify longer stays.”
- Results:
 - Increased average LOS by over 30% from 2018-2020
 - 2020, despite losing over \$1M of reservations in Spring, most profitable year ever
 - Higher average Net Promoter Score, increased from: __40__ in 2018 to __57__ in 2020
 - Less staff, lower water use, bigger staff bonuses

What we studied & and what we found?



- Studied how LOS impacts revenues, referrals to guides & outfitters, change in variable costs & change in gross margin

Increase in average Length of Stay (LOS)	Increase from 1 to 2 night LOS	Increase from 1 to 3 night LOS	Increase from 2 to 3 night LOS	Increase from 2 to 4 night LOS	Increase from 3 to 4 night LOS
% increase in guided activities booked by groups	165.20%	331.89%	62.86%	302.93%	151.85%
% increase in total revenue per group	101.59%	203.22%	50.41%	106.51%	37.30%
% decrease in variable costs per night: (marketing, reservations, check-in, cleaning, maintenance)	44.04%	58.72%	26.23%	39.34%	17.78%
% increase in gross margin per group	148.14%	296.33%	59.72%	126.46%	41.78%
% increase in gross margin per night	24.07%	32.11%	6.48%	13.23%	6.34%

Small hotel case study



- ZP's ADR is higher than average. We inserted an \$160 ADR into our model and studied how increasing LOS from 2-4 nights would change an average industry GOP of 35%.

Small Hotel Case Study--increasing from 2 to 4 night stay			
Number of rooms	30	Average industry gross operatin profit (GOP)	35%
Average annual occupancy*	60%	Small hotel non-Red Emerald GOP†	\$367,920
Average daily lodging rate**	\$160	Red Emerald Strategy enanced profit from ZP case study model‡	\$174,189
Total annual lodging revenue	\$1,051,200	% increase GOP due to Red Emerald approach	47.34%
*Estimated average small hotel occupancy rate in non-Covid year.			
**Estimated average small hotel ADR in non-Covid year.			
† https://lodgingmagazine.com/premium-performance-impacts-flow-through-at-boutique-hotels/			
‡ZP model calculated on its ADR of \$239.38 and then reduced by 33% to \$160 per night for model.			
Guided activities revenue based upon market rates with a 10% commission paid to hotel for referral.			

Red Emerald conversion toolkit



- 1) Invest in a **yield management system** for making reservations. With significant more profit associated with a Red Emerald transformation, business owners have more flexibility to offer discounts for longer stays.
- 2) **Partner** with local guides, outfitters, restaurants, and other hidden gems to refer guests, make commissions, and improve guest satisfaction.
- 3) Hire a **concierge** or partner with other businesses to invest in a shared virtual concierge who knows where to find the hidden gems. Also, consider creating **suggested itineraries** for multi-day stays
- 4) Consider **increasing minimum night stays**, especially during peak visitation times.
- 5) Reservation agents should be trained to **strongly recommend longer stays** so guests can find the hidden gems in the local area. Again, **pre-planned itineraries** are helpful.
- 6) It is also critical that business owners **engage** with county and state tourism and outdoor recreation to leaders to organize efforts to **improve and expand Red Emerald “hidden gems” infrastructure**. Hiking and biking trails, restroom facilities, parking access, shuttle systems, visitor centers, picnic areas, and other investments can pay big dividends in encouraging guest to stay longer and do more. This infrastructure can be paid for by state & federal grants and county tourism mitigation dollars.



Questions?

Feel free to contact us:

Jake Millard

jake@zionponderosa.com

Julie Millard

julie@zionponderosa.com